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MANPOWER®

Annual Report
For the Year Ended
June 30, 1971

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St. Paul, Minn.
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Salem, Ore.
Salinas, Calif.
Salisbury, Md.
Salt Lake City, Utah
San Antonio, Texas
San Bernardino, Calif.
San Diego, Calif.
Sandusky, Ohio
San Francisco, Calif.
San Jose, Calif.
San Leandro, Calif.
San Rafael, Calif.
Santa Barbara, Calif.
Santa Cruz, Calif.
Schenectady, N. Y.
Scotch Plains, N. J.
Scranton, Pa.
Seattle, Wash.
Sharon, Pa.
Sheboygan, Wis.
Shreveport, La.
Sioux City, Iowa
Sioux Falls, S. D.
Somerville, Mass.
Somerville, N. J.
South Bend, Ind.
Spartanburg, S. C.
Spokane, Wash.
Springfield, Ill.
Springfield, Mass.
Springfield, Mo.
Springfield, Ohio
Stamford, Conn.
Stockton, Calif.
Stroudsburg, Pa.
Syracuse, N. Y.
Tacoma, Wash.
Tallahassee, Fla.
Tampa, Fla.
Toledo, Ohio
Topeka, Kans.
Torrington, Conn.
Traverse City, Mich.
Troy, N. Y.
Tucson, Ariz.
Tulsa, Okla.
Tyler, Texas
Two Rivers, Wis.
Utica, N. Y.
Vancouver, Wash.
Ventura, Calif.
Visalia, Calif.
Warren, Ohio
Washington, D. C.
Waterbury, Conn.
Waterloo, Iowa
Waukegan, Ill.
Waukesha, Wis.
Wausau, Wis.
Wayne, N. J.
West Bend, Wis.
West Palm Beach, Fla.
Wichita, Kans.
Wilkes-Barre, Pa.
Willoughby, Ohio
Wilmington
Wilmington, N. C.
Winston-Salem, N. C.
Woburn, Mass.
Worcester, Mass.
York, Pa.
Youngstown, Ohio

CANADA
Barrie, Ont.
Belleville, Ont.
Brockville, Ont.
Calgary, Alta.
Cornerbrook, Nfld.
Edmonton, Alta.
Guelph, Ont.
Halifax, N. S.
Hamilton, Ont.
Kingston, Ont.
Kitchener, Ont.
London, Ont.
Montreal, Que.
Orillia, Ont.
Ottawa, Ont.
Peterborough, Ont.
Quebec City, Que.
Regina, Sask.
St. Catharine's, Ont.
St. John's, Nfld.
Saskatoon, Sask.
Sudbury, Ont.
Toronto, Ont.
  Don Mills, Scarboro
  Weston
Vancouver, B. C.
Victoria, B. C.
Windsor, Ont.
Winnipeg, Man.

MEXICO
Mexico City

THE WEST INDIES
Jamaica
Kingston
Montego Bay

Puerto Rico
Santurce

Trinidad
Port of Spain

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Argentina
Buenos Aires
Cordoba
Rosario

Brazil
Campinas
Rio De Janeiro
Sao Paulo
Sto. Andre

Chile
Concepcion
Santiago
Valparaiso

Colombia
Barranquilla
Bogota
Cali
Medellin

Panama
Panama City

Paraguay
Asuncion

Peru
Lima

Uruguay
Montevideo

Venezuela
Caracas

AFRICA
So. Africa
Capetown
Durban
Johannesburg

ASIA
Hong Kong, B.C.C.

Israel
Tel Aviv

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Tokyo
Yokohama

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Makati, Rizal
Manila

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Antwerp
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Eupen
Hasselt
Liege
Mons
Nivelles
Verviers

Denmark
Aarhus
Copenhagen
Odense

ENGLAND
Birmingham
Bournemouth
Bradford
Brighton
Bristol
Cheltenham
Darlington
Fareham
Farnborough, Hants
High-Wycombe
Hull
Leeds
Leicester

London Metropolitan Area
  Fleet Street, E. C. 4
  Hammersmith, W.6
  Jermyn Street, S.W.1
  Marylebone High Street, W.1
  Notting Hill Gate, W.11.
  Walworth Road, S.E.17.
Manchester
Middlesbrough
Northampton
Norwich
Nottingham
Oxford
Peterborough
Plymouth
Portsmouth
Preston
Reading
Sheffield
Southampton
Stoke-on-Trent
Swindon
Wigan-Lancaster
Winchester, Hants
Wolverhampton

France
Bayonne
Bordeaux
Clermont Eerrand
Colmar
Grenoble
Lille
Lyon
Marseille
Metz
Mulhouse
Nancy
Nantes
Nice
Orleans
Paris
Roubaix
Rouen
Rungis
Strasbourg
Thionville
Toulon
Toulouse
Valenciennes

Germany
Cologne
Dusseldorf
Essen
Frankfurt
Hamburg
Munich

Ireland
Dublin

Luxembourg
Luxembourg

Norway
Oslo
Trondheim

Portugal
Lisbon
Oporto

Scotland
Dundee

Switzerland
Baden
Basel
Bern
Biel
Geneva
Lausanne
Olten
St. Gall
Thun
Winterthur
Zurich

Corporate offices
Manpower Inc.
820 N. Plankinton Avenue
Milwaukee, Wisconsin 53203
Telephone: (414) 272-8510
Cable address: Manpowinc

Notice of annual meeting
Annual meeting of shareowners will begin at 10:30 a.m., Central Standard (Milwaukee) Time Friday, October 29, 1971, at the Corporation's offices at 820 N. Plankinton Avenue, Milwaukee, Wisconsin.

Stock transfer agents
The First National Bank of Chicago
The First National City Bank of New York

Registrars
Continental Illinois National Bank and Trust Company of Chicago
Bankers Trust Company, New York

Dividend disbursing agent
The First National Bank of Chicago

Stock listing
New York Stock Exchange (Symbol: MAN)

NORTH AMERICA

UNITED STATES

- Abilene, Texas
- Akron, Ohio
- Albany, Ga.
- Albany, N. Y.
- Albuquerque, N. M.
- Allentown, Pa.
- Altoona, Pa.
- Amarillo, Texas
- Ames, Iowa
- Anchorage, Alaska
- Ann Arbor, Mich.
- Appleton/Neenah/Menasha, Wis.
- Asbury Park, N. J.
- Asheville, N. C.
- Ashland, Ky.
- Ashtabula, Ohio
- Atlanta, Ga.
- Atlantic City, N. J.
- Auburn, N. Y.
- Aurora, Ill.
- Austin, Texas
- Bakersfield, Calif.
- Baltimore, Md.
- Bangor, Maine
- Barre, Vt.
- Baton Rouge, La.
- Battle Creek, Mich.
- Bay City, Mich.
- Bay Shore, N. Y.
- Beaumont-Port Arthur, Texas
- Benton Harbor, Mich.
- Billings, Mont.
- Binghamton, N. Y.
- Birmingham, Ala.
- Bloomington, Ill.
- Boca Raton, Fla.
- Boise, Idaho
- **Boston Metropolitan Area**
  - Boston
  - Braintree
  - Brookline
  - Burlington
  - Cambridge
  - Malden
  - Natick
  - Needham
  - Salem
  - Waltham
- Bridgeport, Conn.
- Bridgeton, N. J.
- Bristol, Conn.
- Buffalo, N. Y.
- Burlingame, Calif.
- Burlington, Iowa
- Burlington, Vt. Barre/Montpelier, Vt.
- Canton, Ohio
- Carlisle, Pa.
- Casper, Wyo.
- Cedar Rapids, Iowa
- Champaign, Ill.
- Charleston, S. C.
- Charlotte, N. C.
- Charlottesville, Va.
- Chattanooga, Tenn.
- **Chicago Metropolitan Area**
  - Loop
  - Downtown
  - North
  - South
  - West
  - Des Plaines
  - Harvey
  - All other suburbs
- Chippewa Falls, Wis.
- Cincinnati, Ohio
- Cleveland, Ohio
- Colo. Springs, Colo.
- Columbia, S. C.
- Columbus, Ohio
- Concord, N. H.
- Corpus Christi, Texas
- Covina, Calif.
- Dallas, Texas
- Danbury, Conn.
- Danville, Ill.
- Danville, Va.
- Davenport, Iowa
- Dayton, Ohio
- Daytona Beach, Fla.
- Decatur, Ill.
- Denver, Colo.
- Des Moines, Iowa
- Detroit, Mich.
- Dover, N. H.
- Dubuque, Iowa
- Duluth, Minn.
- Durham, N. C.
- East Orange, N. J.
- Elgin, Ill.
- Elizabeth, N. J.
- Elkhart, Ind.
- El Paso, Texas
- Elyria, Ohio
- Englewood, N. J.
- Erie, Pa.
- Eugene, Ore.
- Evansville, Ind.
- Falmouth, Mass.
- Fargo-Moorhead, N. D.
- Fayetteville, N. C.
- Findlay, Ohio
- Fitchburg, Mass.
- Flint, Mich.
- Fond du Lac, Wis.
- Fort Dodge, Iowa
- Fort Lauderdale, Fla.
- Fort Smith, Ark.
- Fort Walton Beach, Fla.
- Fort Wayne, Ind.
- Fort Worth, Texas
- Fresno, Calif.
- Gainesville, Fla.
- Galveston, Texas
- Gary, Ind.
- Gastonia, N. C.
- Grand Haven, Mich.
- Grand Rapids, Mich.
- Green Bay, Wis.
- Greensboro, N. C.
- Greenville, S. C.
- Greenwich, Conn.
- Hackensack, N. J.
- Hagerstown, Md.
- Hamilton, Ohio
- Hammond, Ind.
- Harrisburg, Pa.
- Hartford, Conn.
- High Point, N. C.
- Holland, Mich.
- Honolulu, Hawaii
- Houston, Texas
- Huntington, W. Va.
- Huntsville, Ala.
- Idaho Falls, Idaho
- Indianapolis, Ind.
- Jackson, Mich.
- Jackson, Miss.
- Jacksonville, Fla.
- Jacksonville, Ill.
- Jersey City, N. J.
- Johnstown, Pa.
- Joliet, Ill.
- Kalamazoo, Mich.
- Kankakee, Ill.
- Kansas City, Mo.
- Keokuk, Iowa
- Knoxville, Tenn.
- Kokomo, Ind.
- La Crosse, Wis.
- Lafayette, Ind.
- Lake Charles, La.
- Lancaster, Ohio
- Lancaster, Pa.
- Lansing, Mich.
- Las Vegas, Nev.
- Lewiston, Maine
- Lexington, Ky.
- Lincoln, Neb.
- Little Rock, Ark.
- Lockport, N. Y.
- Lorain, Ohio
- **Los Angeles Metropolitan Area**
  - Anaheim
  - Bell Gardens
  - Burbank
  - Costa Mesa
  - Culver City
  - Long Beach/Torrance
  - Los Angeles
  - Sherman Oaks
  - Wilshire
- Louisville, Ky.
- Lubbock, Texas
- Macon, Ga.
- Madison, Wis.
- Manchester, N. H.
- Manitowoc, Wis.
- Mansfield, Ohio
- Marinette, Wis.
- Marion, Ohio
- Memphis, Tenn.
- Menasha (township), Wis.
- Menomonee Falls, Wis.
- Meriden, Conn.
- Miami, Fla.
- Middletown, Ohio
- Midland, Texas
- Milwaukee, Wis.
- Minneapolis, Minn.
- Mobile, Ala.
- Modesto, Calif.
- Moline, Ill.
- Montclair, N. J.
- Monterey, Calif.
- Montgomery, Ala.
- Montpelier, Vt.
- Morristown, N. J.
- Muncie, Ind.
- Muskegon, Mich.
- Nashua, N. H.
- Nashville, Tenn.
- Newark, N. J.
- Newark, Ohio
- New Bedford, Mass.
- New Britain, Conn.
- New Brunswick, N. J.
- New Haven, Conn.
- New London, Conn.
- New Orleans, La.
- Newton, N. J.
- **New York Metropolitan Area**
  - Amityville
  - Bronx
  - Brooklyn
  - Hempstead
  - Manhattan
  - New City
  - Queens
  - Staten Island
  - White Plains
  - Yonkers
- Niagara Falls, N. Y.
- Norfolk, Va.
- North Bergen, N. J.
- Norwalk, Conn.
- Oakland, Calif.
- Odessa, Texas
- Ogden, Utah
- Oklahoma City, Okla.
- Olean, N. Y.
- Omaha, Neb.
- Ontario, Calif.
- Orlando, Fla.
- Oshkosh, Wis.
- Owensboro, Ky.
- Oxnard, Calif.
- Paducah, Ky.
- Palo Alto, Calif.
- Pasadena, Texas
- Passaic, N. J.
- Paterson, N. J.
- Pensacola, Fla.
- Peoria, Ill.
- Perth Amboy, N. J.
- **Philadelphia Metropolitan Area**
  - Camden, N. J.
  - Chester, Pa.
  - Levittown, Pa.
  - Norristown, Pa.
  - Philadelphia, Pa.
  - Pottstown, Pa.
  - Princeton, N. J.
  - Trenton, N. J.
  - Upper Darby, Pa.
  - Vineland, N. J.
  - West Chester, Pa.
  - Willow Grove, Pa.
- Phoenix, Ariz.
- Pittsburgh, Pa.
- Pittsfield, Mass.
- Plainfield, N. J.
- Pocatello, Idaho
- Pomona, Calif.
- Pontiac, Mich.
- Port Huron, Mich.
- Portland, Maine
- Portland, Ore.
- Pottsville, Pa.
- Poughkeepsie, N. Y.
- Providence, R. I.
- Quincy, Ill.
- Racine, Wis.
- Raleigh, N. C.
- Rapid City, S. D.
- Reading, Ohio
- Reading, Pa.
- Red Bank, N. J.
- Reno, Nev.
- Richmond, Ind.
- Richmond, Va.
- Riverside, Calif.
- Roanoke, Va.
- Rochester, N. Y.
- Rockford, Ill.
- Sacramento, Calif.
- Saginaw, Mich.
- St. Cloud, Minn.

Manpower Is:

Manpower is many things to many people. It is help for the businessmen of the world who find themselves in need of auxiliary staff. It is income for all of those who seek to work on a temporary or part-time basis in preference to a permanent job. It is education for the thousands of students who attend Manpower schools preparing for future careers. It is opportunity for the staff employees, managers and franchise owners. It is economic impact for some 600 different communities throughout the world.

But, most of all Manpower is people!

In 1971 almost one half million Manpower people stepped into offices, factories, warehouses, and stores to help someone do an important job. It is to these Manpower people that this 1971 annual report is dedicated.

Key punch operators from Manpower punched a total of 85 million cards for customers during the year.

Working for one of the nation's largest insurance firms, Manpower people did the paper work involved in 610,000 group health insurance claims last year.

Truck drivers from Manpower All States Division drove 110 million miles for our customers during the year.

An inventory of 1 million pairs of shoes was taken by Manpower people for a West Coast women's specialty chain.

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100 million gallons of gasoline were pumped in 1971 by Manpower employees acting as service station attendants for a major oil company.

Manpower staffed an entire wing of a large hospital in Oregon with temporary personnel, including all nurses, nurses aids, orderlies and service staff.

Over 20 million full meals were prepared and served to armed forces personnel by Manpower employees under a government food service contract.

In one day 1 thousand Manpower people completed a $15 million discount department store inventory.

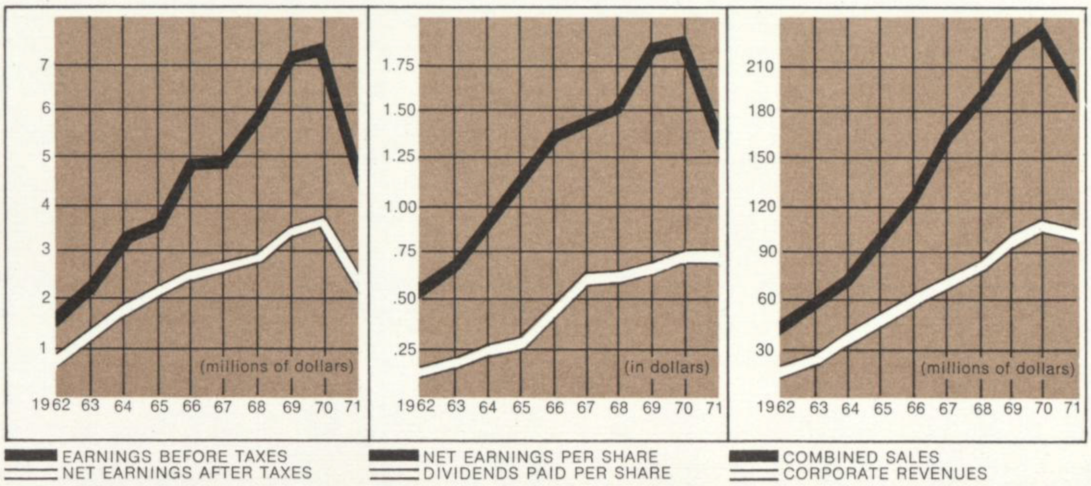
. . . These impressive statistics go on and on through every industry—every kind of business—a sound tribute to the Manpower people who create them.

	Year Ended June 30	
	1971	1970
Combined Sales[1]	$196,520,356	$206,807,622
By Company Offices	93,899,315	101,246,877
By Licensed Offices	102,621,041	105,560,745
Corporate Revenues[2]	$ 99,287,586	$107,002,510
Earnings Before Taxes	$ 4,819,651	$ 7,381,393*
Income Taxes	2,428,578	3,881,116
Net Earnings	$ 2,391,073	$ 3,500,277*
Per Share of Common Stock		
Net Earnings	$ 1.28	$ 1.87*
Dividends Paid	.72	.72
Shareowners Equity	10.49	9.92*
Operational Statistics		
Employees		
Operating Staff	871	1,298
Assignment Staff[3]	446,391	448,296
Offices	614	630
Company Owned	230	243
Licensed	384	387
Customers	241,966	246,350

*Restated to reflect payroll taxes and social charges assessed by a foreign government. See note F.

1. Combined sales are the sum of sales by the Company and its subsidiaries and by licensees.
2. Corporate revenues are sales by the Company and subsidiaries, plus fees under licensing agreements. They represent the Company's actual consolidated income.
3. Includes temporary staff employed by franchised offices as well as branches.

Highlights



Dear Shareowner:

For eleven consecutive years I have had the pleasant task of writing to you in annual reports with good news of growth in sales and profits. This year, for the first time, I must come to you with the disappointing news that revenues and profits for the year just ended were down. We are currently working very hard to "get back on the beam" and show continuing profit increases once again. Our corporate revenues, which include license fees from franchises and sales of the parent company, were $99,287,586 as compared to revenues of $107,002,510 in 1970. This represented a decline of 7.2%. Our net earnings for the year completed were $2,391,073 or $1.28 per share. The earnings for the prior year were $3,500,277 or $1.87 per share. This represents a decline of 32%.

In reviewing the past year's operations with you, I would like to discuss the factors that affected our net profits.

1. We were adversely affected by the economic recession in the U. S. last year. Many U. S. firms were in an over-staffed position as the recession set in. As their activity declined, they made substantial cutbacks in personnel which, of course, included temporary help. In some instances, companies eliminated temporary help completely. Our sales and consequently our profits suffered as a result of these reductions in orders from our customers.

2. Our overseas operations experienced a sharp decline in profits for the year. We had anticipated substantial sales increases from these operations and had budgeted a higher expense factor to handle a larger volume. However, the projected sales level of our largest European operations did not materialize and thus, increased costs resulted in profit declines. Further, we opened additional branch offices in Germany and began new divisions in France. Profits were affected also by these costs. We feel, however, that in spite of the present impact on profits, these were good long-term investments for our company.

3. During the year we opened and began operating a new European Headquarters office in Paris. The costs of setting up and staffing this office were substantial. Again, however, we believe that this was a necessary step forward in providing needed services to our European branches and franchises in the future.

4. In Argentina, we were required to pay additional payroll taxes and social charges over the amounts we had accrued for the year. Because of the retroactive nature of the charges, they could not be passed on to our customers. In addition to the increased costs for the year, the assessment involved added charges for the prior year. These costs are reflected in a restatement of 1970 net earnings per share from the $1.90 per share reported to $1.87 per share.

5. The year was a disappointing one for our newly acquired Continental

Tax Service. As you know, we acquired this company in January of 1970. At the time of purchase they were operating 59 offices. During the past year we conducted a major expansion program through the opening of franchises and company owned branch offices which increased the number of our operating offices to 232. We changed the company name from Nationwide to Continental Tax Service and created a complete marketing program for the sale of the services. A combination of these start-up costs and a "down" year in the tax preparation service field caused us to fall far short of projections.

Our fourth quarter earnings were unduly low compared to other quarters because of several sizable year-end adjustments that were made. Profits in France were reduced by additional year-end accruals for bad debts, additional advertising costs and rental items on our new Paris quarters. In addition, we reflected and provided for a greater than anticipated number of student drop-outs in our school division. A final fourth quarter adjustment was made to reflect the assessment of additional payroll taxes by the Argentine Government as explained previously in this letter.

We believe that year-end adjustments of this type can be substantially eliminated in the future and we have set up controls which should anticipate these costs at an earlier date.

On a more encouraging note, you will be interested to know that profits from our U. S. temporary help service operations in the fourth quarter of the year just ended were slightly ahead of the same period in 1970 and currently seem to be following this same uptrend. U. S. temporary help operations are the major source of our firm's earnings. As yet, however, most overseas operations and our non-temporary help divisions have not shown a comparable trend and still show earnings lagging considerably behind a year ago.

What of the future? I believe, we have learned some hard and important lessons and that we are now ready to move forward with an upswing in the economy. Our total organization is now better equipped, in my opinion, to meet the challenges ahead and maximize our opportunities.

In closing, I want to emphasize that we, as management, are not happy with the fact that this past year recorded the first drop in sales and earnings in our history. While we know that we can't hit home runs every time at bat, we have the capability to keep Manpower moving forward and we are determined to use it to maintain our position as the world leader in temporary help.

We are deeply appreciative of the confidence displayed by our stockholders and welcome their thoughts and suggestions. We are appreciative of the great group of employees and franchisees within the Manpower organization. We are confident of their determination, skill and desire to keep Manpower "On the grow."

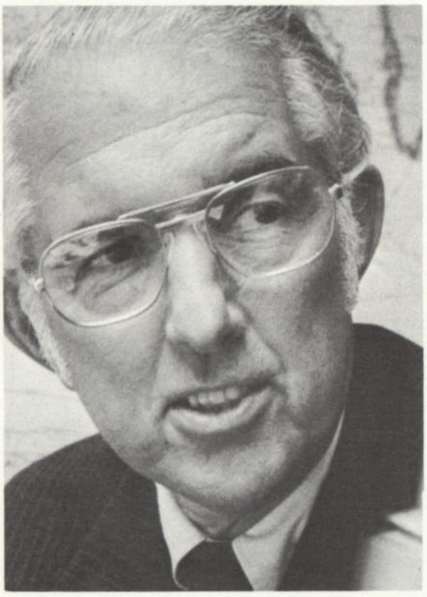
Cordially yours,

ELMER L. WINTER
President

An interview with

Elmer L. Winter

President
Chief Executive Officer



Question:
Mr. Winter, in light of current labor surplus conditions, can the temporary help industry sustain the growth rate it has enjoyed in the past?

Answer:
Over the past twenty years, business organizations used a temporary help service primarily on an emergency basis. There was little planned utilization of services offered by the temporary help service. Generally, companies tried to fill their own personnel requirements by hiring additional staff.

During the late sixties, we found that management began to use temporary help as a cost-service device, realizing that this "second labor market" could effectively eliminate overstaffing. While a substantial part of our volume today is based on emergency usage, we are seeing a definite shift to a more sophisticated use of our services. We are dealing more and more with professional personnel executives, purchasing agents, management planners and financial officers who are programming us into their total personnel picture on a continuing basis. We are convinced that in the future we will be a valuable and permanent management tool, rather than just a source for emergency help.

We see greater usage of our services on a planned staffing basis. As we move out of the recession, we see evidences of companies using us on a "test run" basis to determine whether the job can be done by using temporary help instead of permanent staff. As this transition takes place, we believe that there will be a greater market for our services than has existed in the past—a market which may not be as sensitive to change in the labor supply as it has been.

Question:
Mr. Winter, do you see a continuation in the future of a desire on the part of people to work for temporary help firms?

Answer:
I do. In fact, Alvin Toffler in his brilliant book entitled, "Future Shock," discusses the modular man. He points out that, "Each job change implies a step-up of the rate at which people pass through our lives, and as the rate of turnover increases, the duration of relationships declines." Toffler points out that this is ". . . strikingly manifest in the rise to prominence of temporary help services—the human equivalent of the rental revolution. As a result, in the United States nearly one out of every one hundred workers is at some time during the year employed by a temporary help service." It was interesting that Mr. Toffler referred to Manpower, Inc. as he discussed the trend towards working on a temporary basis.

As we look out into the future, I think it can be said that more people will want to work on the basis of "work when you want, where you want and as long as you want." This is particularly true of our young people, who are coming into the work force in increasing numbers. This group will increase by about 50% in the next decade, compared to only a 16% increase in the 60's. This will be a group that will be attracted to working for a temporary help service, because it will permit them to have the flexibility that so many young people desire.

Question:
Mr. Winter, what is the importance of Manpower's overseas program?

Answer:
Manpower opened its first overseas offices in Paris and London in the late 1950's. We saw at that time opportunities for us to export, in effect, the system that we had developed in the United States in countries overseas. In the past decade, we have opened and now operate approximately 180 offices abroad.

We are the only company in our industry that is international in the true sense of the term. During the past 15 years, our overseas offices experienced substantial growth both in sales and in profit contribution to the parent company, but in the past year the profit contribution declined substantially. While we have had successes abroad, there have been a number of problems that confronted us in the development of these offices.

Despite these problems we see substantial expansion possibilities through the opening of branches and franchises in many markets overseas.

Question:
What are the most significant changes you see taking place within Manpower in the future?

Answer:
There are a number of key changes, some of which we are already developing. Our goal is to have Manpower staff people, in the future, be personnel professionals in every sense of the word. This will involve the orientation of our management people to the newest personnel concepts and procedures, as well as developing young executives into a "new breed" of personnel executives. It will mean a constant upgrading of our people to meet the changing demands of customer firms, and it will mean a keenly sensitive, intelligent information system that will tell us the next steps to take in improving our service.

At our international meeting held in Chicago this year, we announced the development of a Total Personnel Service concept which will include, of course, our traditional temporary help services as the primary base. We plan to offer job counseling, interviewing and testing services, permanent placement service, specialized training programs, incentive and motivation programs and all of the other aspects of the total personnel picture which have become permanent fixtures in world business. Within our present offices, we have the nucleus for this center of the future. We are now beginning cautiously, but with determination, to extend our scope of operations.

These are changes that business professionals will understand and services that they have told us they will use.

Question:
What are your plans, if any, for expansion in non-temporary help areas?

Answer:
To date, our areas of diversification have been within the service industry and related in some way to the broad area of personnel. These are the areas in which we have developed expertise and have the ability to expand comfortably and rapidly. We are continually seeking new areas that are not only profitable in themselves but will add something extra to the total Manpower capability. This is certainly true of our schooling operations, our travel operations and our printing service. Our newly-acquired tax preparation service, while somewhat removed from personnel, is the kind of operation that we understand and can build through our present franchise program. Just recently, we have acquired the Gilbert Lane permanent placement service, which will take us into a new area for growth that is closely related to our other operations.

We believe that we have the apparatus within Manpower for expansion through diversification into a number of other service areas. We have the experience in developing a service company over the past 23 years. We have over 600 offices worldwide, most of which are in a position to add on additional services through their existing structures.

In summary, we will seek diversification, but we will concentrate on the areas that we know best and that fit most securely into our present structure.

Question:
How about things like the four-day work week, automation and government employment programs—will they affect you in future years?

Answer:
Yes, they will, but "affecting" us does not imply a negative effect. In fact, social changes, such as the four-day work week, will, we believe, have a positive effect on our operations. The experience of those who have tried the four-day work week has been that it goes off well with the employees. But, what about the employer? While he will find a reduction in absenteeism, he may well find a rather substantial increase in his cost of labor. Workers won't accept a reduction in pay with a reduction in hours. If the work week declines to 32 hours (8 hours a day, four days a week), the employee will want the same pay for the 32 hours that he gets now for the 37 or 40 hours that he works. If the employee works 10 hours a day for four days a week, will he accept straight time for hours worked over 8 hours in a day? Employers, obviously, will be faced with higher labor costs and will turn to the use of temporary help.

Then, too, there is the problem of getting the work done. How does an employer, who is operating with a lean staff on a 40 hour basis, get his work done in 32-34 hours of a four day week? Obviously, the work must be done—so, again, temporary help is the answer.

Concerning automation, it is a fact that in spite of all the computers and other equipment, the Department of Labor predicts that we will need 30% more office workers in 1975 than were needed in 1965, a year in which our business flourished because of a labor shortage. While automation eliminates certain types of jobs, it simultaneously creates others, and certainly automated equipment creates the peaks and work overloads that demand temporary help. Over our 20 year history, we have seen many significant changes in the technology of our business world. We have adapted to each and in most cases have benefited from each. Our business, I believe, is one that benefits highly from change and particularly if we can identify trends well in advance and be prepared for them.

Question:
Will you describe, briefly, the operational structure of Manpower, Inc?

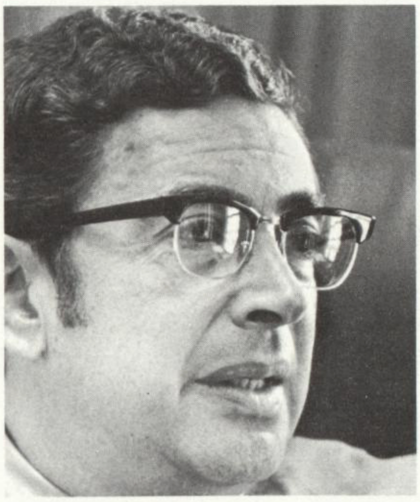
Answer:
As you know, Manpower has experienced a rapid rate of growth since its inception. As a result, we have found it desirable to keep our organizational structure as flexible as possible and to modify it as often as necessary to meet the demands of this growth. Our basic structure is divided into two divisions—the Temporary Help Service and Division II, which encompasses all of the non-temporary help services. Within our temporary help service organization, we are divided into a number of decentralized national profit centers for each of the countries in which we operate, which in turn, report to regional centers in Paris, London, Toronto, Buenos Aires and Tokyo. We maintain a headquarters for our U. S. operations in Milwaukee. In addition to being our U. S. headquarters, Milwaukee is the home of our world headquarters, which not only directs world-wide operations, but also serves as a source for the many marketing, research, training, systems and financial services used by our offices throughout the world. Our non-temporary help operations are managed and directed by a group from our world headquarters in Milwaukee.

Just recently, we have established a number of new corporate headquarters departments, including a franchise relations center, a financial research center and a creative services center in anticipation of future needs. These are specialized units that deal with specific areas of our operations which require individual attention. In effect, we look upon our world headquarters not only as a planning and control point but as a clearing house of information and source of services for our field operations everywhere.

An interview with

James D. Scheinfeld

Executive Vice President (Senior)
Chief Operations Officer



Question:
What is Manpower's position in markets outside of the United States and how do these operations relate to the total outlook for your company?

Answer:
In the 1971 fiscal year the non-U. S. subsidiary operations accounted for approximately 14% of our net profits. This represents a drop from 27% last year. Until this year our foreign operations were a steadily increasing part of our profit growth. A combination of declining economic conditions in Europe and the cost of expansion programs led to the reversal of this growth pattern. While this affects our temporary outlook on foreign operations, we are still optimistic about our long range prospects. We believe we have a strong competitive position in Europe, Canada, Latin America, England and the Far East. We are the first and only firm in the industry to operate on a global basis. We view our overseas operations as a source as well as a recipient of new ideas. Many of our new programs and concepts are developed and tested outside of the United States before being offered here. The future of our overseas operations will depend on a number of factors. In some instances, we are facing legislative trends that seek to control or limit temporary help services. To date we have been able to operate within these restrictions successfully. However, there may be some adverse effects from these actions in the future. Secondly, we are now facing a few problems of currency repatriation in Latin America which may affect future operations there. A third problem is the cost of development and expansion in foreign countries. In some instances, we have reacquired operations that were previously franchised and we have incurred the costs of staffing and rebuilding these offices. In other instances, we are entering new areas and are incurring start-up and expansion costs. While our profits are currently being affected by these unusual costs, we feel that, in future years, our foreign operations will represent a significantly greater portion of total profits than they did in 1971. We feel that our global commitments are not only a valuable asset but a key to maintaining our industry leadership in the future.

Question:
What are your primary operating objectives for the decade ahead?

Answer:
As I pointed out, our growth has been very rapid. In fact, the combined sales of company and franchised owned operations increased 486% in the decade between 1960 and 1970. This growth was achieved through our ability to anticipate the needs of our customers in a rapidly changing business society. During the next decade, I believe we will see even greater changes, and, therefore, I see as our primary objective the continual building of a staff and line management team that is innovative and keenly sensitive and responsive to the changing needs we will face.

At the same time, we will need to continually develop new marketing and service techniques both for attracting temporary personnel and selling our services.

Question:
In what ways do you consider Manpower unique in the temporary help industry?

Answer:
I believe that Manpower is unique not only within our own industry, but in many ways unique in the business world as a whole. We are still a first generation company. Many of our branch managers and franchisees are the original developers of their local operations. These people are all strongly motivated, either on the basis of ownership and investment or financial incentives and advancement opportunity. They can grab a new idea and run with it. I believe this in itself makes us unique. In addition, our firm has accumulated 23 years of operational experience in a field that is little more than 23 years old. I am certain that we are also one of the world's largest employers with our 400,000 people receiving paychecks from us last year.

An interview with
John Petersen
Vice President and General Manager
U.S. Temporary Help Services

Question:

What is Manpower's present competitive position in the U.S. temporary help industry?

Answer:

On the basis of total volume, number of field offices and number of customers served, Manpower is the largest company in the temporary help field. Since our leadership is constantly being challenged, we are continually surveying pricing structures, levels of service and sales volume in each city. We are fortunate because of our size and experience to have the ability to be competitive in every aspect of the business. We view competition as a healthy element, but at the same time, we are aware of the effort that is necessary to remain in the top spot.

Question:

What are your present plans for expanding your "share of market"?

Answer:

One of the unique characteristics of the temporary help field is that many large companies will use more than one temporary help service to fill their needs. Our "share of market" effort must therefore begin with each customer. By better understanding needs and the operations of each customer firm, we can increase our share of each customer's volume. Because of our size, we, of course, attract a larger group of temporary workers, and with this advantage, our local service personnel will concentrate on building individual customer volume through better service.

A second method through which we intend to increase our "share of market" is being creative in the merchandising of our services. Our U.S. headquarters staff is always working ahead of the market, developing new ideas that can be used by field offices to secure new customers.

A third method of expanding our "share of market" is through the strategic location of our offices within the large metropolitan centers of the U.S. In many areas, business and industry is decentralizing, and we can tap a new market by the establishment of additional offices away from the central cities. This involves the continual study of the commercial dynamics in each market.

Question:

What are your current marketing plans for the U.S. temporary help services?

Answer:

We find ourselves at the moment, in a position that we feel a bold and aggressive marketing stance is called for. On the one hand, economic conditions have caused a drop in usage of temporary help services—at the same time, we sense an upswing trend in our U.S. operations. We are currently preparing a two-pronged marketing offensive for the fall months of 1971. We will conduct an intensive radio advertising campaign covering 250 radio stations during the morning drive-in period and using NBC's sports personality, Joe Garagiola, as a Manpower spokesman. This program will be combined with a major marketing push toward personnel directors and top management in the planned use of temporary help as a cost saving device. We have designed a unique management planning tool that will be presented to executives for their use in controlling staff costs. Manpower has traditionally been an innovator in marketing techniques and advertising programs. This new fall push is intended to develop new customers and additional temporary help usage in what we see as a favorable time period. Many of our competitors have severely reduced or stopped their advertising efforts during the economic downturn. We have maintained a steady program of promotion, as we believe this is a key factor in the support of our field offices.

Question:

What kind of people do you look for in staffing a Manpower office?

Answer:

Beyond the usual attributes of responsibility and intelligence, we look for three major ingredients. The first is enthusiasm. Ours is a business that has been built by enthusiastic people, and our new people must add to this feeling rather than dilute it. The second is imagination, since the application of our services at a customer level requires imaginative and creative people. The third and perhaps most important is a "people sensitivity." Ours is a business purely of people. We must recognize talent and ability in our applicants, match these abilities carefully to customer needs and maintain good relationships with our temporary staff and customers. This requires a particular kind of person who likes people and is sensitive to their needs.

Question:

Are there any industries or fields that you feel can be particularly good prospects for future Manpower volume?

Answer:

In general, those industries that experience severe peak work load problems are the best prospects.

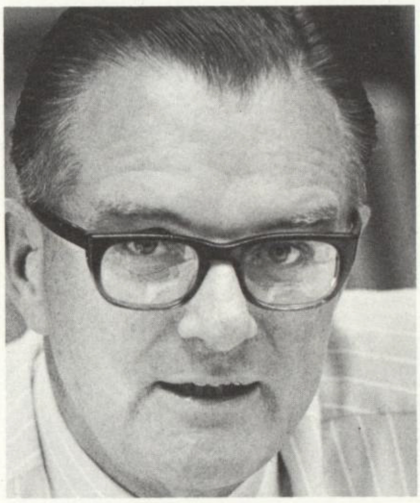
During the past several years, a number of new areas of business have evolved from within our U.S. temporary help operation. A prime example is our Government Business Division which specializes in serving contract labor needs of the Federal Government in many areas. We are currently involved in contracts for food service, maintenance work, security work and general office work. These are year-around contracts which give us a steady volume. This division has grown rapidly in size and importance. The company and its franchisees have recently added over $2,000,000 in new contracts.

Another area that has evolved is our All States Service division which offers truck driving services on a leased basis to U.S. firms. Again, this gives us a continuing source of revenue since most of our customers use drivers on a year-around basis. This division has grown steadily through the "leased-driver" concept and holds a great deal of promise for future growth. To demonstrate the size of this division, I might mention that All States drivers traveled 110,000,000 miles for customers during the last fiscal year.

An interview with

William J. Gallagher

Vice President Franchises
and Franchise Relations



Question:
Yours is a newly-created department, Mr. Gallagher, what is its function?

Answer:
Manpower did not begin as a franchising company. When I joined the company, in 1951, most of our offices were company-owned branches. Since that time, our franchise program has grown to a point where we now have approximately 400 franchised offices that account for 52% of our total temporary help volume. We have always maintained excellent relations with our franchisees. It has been our policy to treat our own branches and our franchisees exactly alike. We reasoned that the services and supervision supplied by our headquarters staff would benefit both groups equally. We now find that many of our franchises have reached the point in their growth where they require a highly sophisticated set of services related to the management aspects of their business. At the same time, we feel it is desirable to give our franchisees, as a group, some specific representation in the Home Office. For these reasons, we have decided to establish a Franchise Center that can serve the specific needs of our franchisees. I believe that the establishment of this new department is actually a recognition of the important role that our franchise program plays in the total Manpower picture. It is our desire to encourage future growth among our franchisees and to make effective use of the intelligence and creativity which they have to offer the company. We feel that this department is the beginning of a new era in our franchise relations that will be more productive for both the company and our franchise owners.

Question:
How does a Manpower franchise compare to, or differ from other franchised businesses?

Answer:
There are a number of significant differences that remove the Manpower franchisee from the general category into which most other franchisees fall. To begin with, the Manpower franchisee comes from the business world. A profile study completed in 1969 indicates that of 127 individual Manpower franchisees in the study, 107 have a college bachelor's degree or higher. Of the same 127 people, 52% were involved at a management level in business prior to acquiring a Manpower franchise. An additional 25% had a sales background and the balance came from administrative positions or a profession. A second major difference is that the Manpower franchisee is an important participant in the business and public service affairs of his community. He belongs to civic, charitable and fraternal groups. He is active in professional and trade groups and he is usually one of the largest employers in his city. A third distinctive characteristic of a Manpower franchisee is the low rate of turnover. In the same profile study mentioned above, 75% of the individual franchisees have been in the Manpower program for 10 years or more, 25% have been with us 15 years or more and 10% have been with us for 18 years, the total life of our formal franchise program. The fourth important difference is the nature of the relationship between Manpower and its franchisees. Because of the nature of our business, there is a great deal of interdependence on both sides and a resulting high degree of cooperation. This factor, along with business success, has kept our turnover rate at its very low level.

Question:
How have Manpower franchisees done financially?

Answer:
Manpower franchisees have done unusually well from both a volume and profit standpoint. Our profile study indicates that 75% of the people questioned earned $20,000 per year or more, 25% earned in excess of $50,000 per year and 10% earned $100,000 per year or more. These earnings include management salaries and profits. Our franchisees have not only done well from an income standpoint, but also have built sound business structures that have appreciated substantially in value over the years.

Question:
What is the relationship between your franchised offices and company-owned branches?

Answer:
The relationship is an unusually good and productive one. In many instances, we have company-owned branches operating in cities adjacent to a franchised market. These offices interact freely and frequently — exchanging information and customer orders. We encourage this interaction, and it is very often the source of both major accounts and highly qualified personnel for each. In addition, we hold area meetings, national meetings and international meetings in which all Manpower managers and franchisees participate. There is definitely a feeling of "oneness" and a common dedication to Manpower.

Question:
What problems do you see ahead in your franchised program?

Answer:
Our primary problem in the future will be the continual need to improve the scope and nature of the services we render to franchises. As our franchises grow in size, their contribution to corporate income increases commensurately. It is our responsibility to provide increasing amounts of service in return. The degree of sophistication of these services must also grow as our franchises mature. We are very much aware of this problem and are currently attempting to plan far ahead in anticipation of future needs. Another problem we will face is the need to provide challenge to our franchises on a continuing basis to prevent complacency. As our franchises grow in size and experience there is always the potential danger of "leveling-off." Both the company and our franchisees recognize this and are attempting to find suitable methods of avoiding it. We believe the best way is to offer new opportunities to our successful franchisees in allied fields and new Manpower services.

An interview with

Fred Aberlin

Vice President Division II

Question:
Can you update us on the status of Division II?

Answer:
Perhaps I should start by identifying Division II as that part of Manpower, Inc. concerned with the development and operation of our various non-temporary help enterprises. This includes our schools, our travel agency operations, our tax preparation service, the Manpower training service and several experimental services that I will describe later.

I'll begin with MBTI, our system of private vocational schools in the data processing field. We are now operating 5 schools that enrolled a total of some 2,500 students last year. MBTI is a profitable operation and enjoys a good reputation among school accrediting bodies and employers as well. Our courses are approved for Veteran's loans and attract many returning servicemen. We expect this activity to increase as the "winding-down" process continues in Viet Nam. One of the unique aspects of our schools is that, through the Manpower offices in MBTI cities, we are able to offer temporary and part-time jobs to our students. This is a distinct competitive advantage.

We view the current year in MBTI with optimism. Although we have a few problem areas, the schools in the aggregate should produce a profit increase over last year.

Our Travelpower Division now operates three successful travel agency offices. We have experienced steady growth over the past several years and anticipate further growth in the future. Currently, we are offering both group travel and wholesale tour programs that will build additional volume and profit if successful. We hope that these programs can be the basis for future expansion into other cities.

The Continental Tax Service, acquired by us in 1970, did not reach our expectations during the past fiscal year. We acquired this firm as a small but profitable tax preparation service with the objective of expanding it rapidly into the cities where we operate Manpower offices. During the past year, the number of offices was expanded from 59 to 232. A combination of the cost of this expansion and a poor year generally in the tax preparation field led to substantially lower-than-predicted performance. We feel, however, that the prospects in this field are still extremely attractive. Approximately 7% of the nation's taxpayers are presently using professional services which gives us a huge potential market. Having served over 100,000 customers last year, we begin the new fiscal year with a good base of potential repeat business as well as a newly designed marketing program that we hope will bring us the projected number of new customers. Our final results will depend, to some degree, on the general economy during the coming tax season, and we are making realistic projections on which expenses will be based. We will expand on a limited basis this year and plan for additional expansion in the years to come.

In the "experimental" area we have two very interesting and promising operations which are under way. The first is called At Your Call, a service organization offering domestic household and catering help on a temporary basis. We have long felt that this is an area that Manpower could tap successfully, and our pilot operation is doing well. When we have established a time tested operating pattern, we plan to extend the operations to other cities. We have another experimental program in the day care center field. Working closely with two Milwaukee hospitals, we have established day care centers on their premises to serve the children of hospital employees and staff members, as well as some children from the general surrounding communities. To date our development efforts have been successful and we are continuing the operations during the coming year. Again, we feel that the future potential of the day care field demands that we pursue experiments of this type in an effort to position ourselves in the industry.

Question:
Do you have any plans for adding new companies under Division II?

Answer:
As this report is being prepared, we have completed the acquisition of Gilbert Lane International, Inc., a firm operating employment agencies in 7 eastern cities. Offices in New York, Hartford and Newark are company-owned and offices in White Plains, Cleveland, Philadelphia and Pittsburgh are franchises. With the completion of this acquisition, we intend to expand the franchise program into other cities. We will give first consideration in granting licenses to Manpower franchisees because of their past relationships with us and their personnel experience. We are hopeful that a number of new Gilbert Lane franchises can be opened in the current fiscal year. This should be a key addition to our operations since the permanent and temporary placement fields are closely allied and in most instances involve the same customer contacts.

Beyond the Gilbert Lane operation, our expansion will probably be limited to adding to the base of other present Division II companies in the coming year.

Question:
Does Division II maintain a separate operations staff?

Answer:
Yes, it does. Although it is a much smaller group than the temporary help headquarters staff, Division II has its own franchising department, a marketing team, financial staff and operations people. Most Division II operations are relatively new business ventures which demand a different level of aid and supervision than those given to our temporary help offices.

Question:
Is there any direct relationship between Division II and Manpower Temporary Help offices?

Answer:
At the present time, we keep them completely separate. We do, however, see a time in the future when many of our Division II operations might operate in conjunction with a local Manpower office sharing costs, management talent and customer relationships as well as providing services to each other. In some cities this kind of relationship does exist on an informal basis. In building Division II companies, we are always conscious of the ultimate advantage of working with other Division II and temporary help operations.

Consolidated Balance Sheets

Manpower, Inc. and Subsidiaries

ASSETS	June 30, 1971	June 30, 1970
Current Assets		
Cash	$ 961,930	$ 1,191,475
Certificates of deposit and short-term marketable securities — at cost	1,516,973	2,681,550
Trade receivables, less allowances for doubtful receivables (1971 — $461,000; 1970 — $340,000)	18,829,762	18,068,482
Recoverable income taxes	1,450,298	594,868
Prepaid expenses	1,349,442	1,122,224
Total Current Assets	24,108,405	23,658,599
Other Assets		
Cost of territories and businesses acquired in excess of net assets — Note A	1,624,040	1,804,348
Deferred charges — Note E	539,908	388,867
Deferred income taxes	680,600	591,700
Investment in foreign licensees, deposits and other	611,064	591,587
	3,455,612	3,376,502
Property and Equipment— on the basis of cost		
Land	372,564	372,564
Buildings and improvements	2,924,105	1,696,467
Equipment	5,655,506	5,462,570
Allowances for depreciation (deduction)	(2,620,045)	(2,236,490)
Leasehold improvements, less amortization	1,051,583	1,057,554
	7,383,713	6,352,665
	$34,947,730	$33,387,766

LIABILITIES	June 30, 1971	June 30, 1970
Current Liabilities		
Notes payable to banks (principally foreign subsidiaries)	$ 1,240,868	$1,836,771
Trade payables	4,952,060	5,104,575
Employee compensation	1,977,772	2,193,182
Accrued expenses	3,262,307	2,911,688
Income taxes	726,041	915,657
Current portion of long-term debt	298,538	363,374
Total Current Liabilities	12,457,586	13,325,247
Long-Term Debt of Foreign Subsidiaries (principally to banks) — 4% to 11%, less portion classified as current liability	2,089,787	967,785
Deferred Compensation	647,734	410,288
Minority Interest — Note E	121,882	96,325
Shareowners' Equity — Notes B and C		
Preferred Stock, no par value — Authorized 250,000 shares; none issued		
Common Stock, par value $.66⅔ a share: Authorized 3,500,000 shares; issued 1,876,468 shares (including shares in treasury)	1,250,979	1,250,979
Additional paid-in capital	2,699,478	2,722,687
Retained earnings	15,849,672	14,805,261
Cost of Common Stock in treasury: 1971 — 5,783 shares; 1970 — 6,053 shares (deduction)	(169,388)	(190,806)
	19,630,741	18,588,121
Contingent Liabilities and Commitments — Notes A and G		
	$34,947,730	$33,387,766

See notes to consolidated financial statements.

Statements of Consolidated Earnings and Retained Earnings

Manpower, Inc. and Subsidiaries

	Year Ended June 30	
	1971	1970
Revenues		
Sales of services	$93,899,315	$101,246,877
Franchise fees	4,960,357	5,296,057
Interest and other	427,914	459,576
	99,287,586	107,002,510
Costs and Expenses		
Cost of services sold — principally labor and related expenses	67,765,706	72,740,201
Selling and administrative expenses — Note D	25,653,598	25,976,667
Provision for depreciation (straight-line method) and amortization	1,048,631	904,249
	94,467,935	99,621,117
Earnings Before Income Taxes	4,819,651	7,381,393
Income Taxes		
Federal and state	2,048,326	2,854,302
Foreign	380,252	1,026,814
	2,428,578	3,881,116
Net Earnings (per share: 1971 — $1.28; 1970 — $1.87) — Note F	2,391,073	3,500,277
Retained earnings at beginning of year:		
As previously reported	14,854,696	12,653,111
Adjustment — Note F	49,435	
As restated	14,805,261	12,653,111
	17,196,334	16,153,388
Deduct cash dividends paid (per share: 1971 — $.72; 1970 — $.72)	1,346,662	1,348,127
Retained Earnings at End of Year	$15,849,672	$ 14,805,261

See notes to consolidated financial statements.

Statements of Changes in Consolidated Financial Position

Manpower, Inc. and Subsidiaries

	Year Ended June 30	
	1971	1970
Additions		
From operations:		
Net earnings for the year	$2,391,073	$3,500,277
Provision for depreciation and amortization	1,048,631	904,249
Deferred income taxes (credit)	(88,900)	(325,100)
Other non-cash charges	264,796	273,842
Total from Operations	3,615,600	4,353,268
Proceeds of long-term debt	1,443,756	702,478
Proceeds of stock options exercised	84,881	139,640
Proceeds from sale of subsidiary	177,410	
Other	176,148	310,502
	5,497,795	5,505,888
Deductions		
Additions to property and equipment	2,104,070	2,372,568
Less carrying amount of disposals	191,563	497,036
	1,912,507	1,875,532
Payments of long-term debt	321,754	380,953
Additions to cost of territories and businesses acquired in excess of net assets	164,274	1,575,028
Additions to deferred charges	345,280	298,756
Cash dividends paid	1,346,662	1,348,127
Cost of Common Stock purchased for treasury	89,851	120,333
	4,180,328	5,598,729
Increase (Decrease) in Working Capital	$1,317,467	($ 92,841)
Changes in components which increased (decreased) working capital:		
Cash	($ 229,545)	($ 114,341)
Certificates of deposit and short-term marketable securities	(1,164,577)	(991,201)
Trade receivables	761,280	(49,887)
Recoverable income taxes	855,430	272,720
Prepaid expenses	227,218	219,591
Notes payable to banks	595,903	(848,340)
Trade payables	152,515	(497,630)
Employee compensation	215,410	(176,155)
Accrued expenses	(350,619)	807,234
Income taxes	189,616	1,267,589
Current portion of long-term debt	64,836	17,579
Net Changes	$1,317,467	($ 92,841)

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Manpower, Inc. and Subsidiaries

Note A — Principles of Consolidation and Acquisitions

The consolidated financial statements include the accounts of the Corporation and all subsidiaries, after elimination of intercompany accounts and transactions. After translation of foreign currencies into United States dollar equivalents and elimination of intercompany accounts, the following amounts for foreign subsidiaries are included in the consolidated financial statements.

	1971	1970
Current assets	$10,899,809	$ 9,894,868
Current liabilities	10,157,952	9,263,402
Total assets	16,740,544	14,348,041
Net assets	4,505,593	4,364,089
Revenues	40,375,229	36,065,249
Net earnings	343,587	951,140

The Corporation acquired several businesses during the fiscal years 1971 and 1970 in transactions accounted for as purchases. The excess of the cost of investment over net assets acquired is being amortized over periods of ten years and forty years. In connection with one of the 1970 acquisitions, the Corporation may be required to make additional payments up to a maximum of approximately $900,000, dependent upon the acquired business reaching specified sales levels in either fiscal 1974 or fiscal 1975.

Note B — Stock Options

At June 30, 1971, 83,257 shares of the Corporation's Common Stock were reserved for issuance to officers and other key employees under a stock option plan. Options are exercisable principally after one year and up to five years from dates of grant at not less than 100 per cent of the fair market value of the stock on the grant date. A summary of option transactions follows:

	Number of Shares	Option Price Per Share	Total Option Price
Balance at July 1, 1969	34,353	$22.00 to $39.63	$ 1,162,046
Granted *	28,863	$32.75 to $52.69	1,383,368
Exercised	(5,005)	$22.00 to $39.00	(139,640)
Cancelled	(13,722)	$26.40 to $52.69	(596,937)
BALANCE AT JUNE 30, 1970	44,489	$24.75 to $52.69	$ 1,808,837
Granted *	32,245	$22.00 to $39.13	808,205
Exercised	(3,176)	$24.75 to $30.50	(1,370,590)
Cancelled	(42,728)	$22.00 to $52.69	(1,370,590)
BALANCE AT JUNE 30, 1971	30,830	$22.00 to $52.69	$ 1,161,571
Exercisable at June 30, 1971	25,205	$24.75 to $52.69	$ 993,703
Available for future options	52,427		

* Includes shares contingent upon reaching certain earnings: 1970—14,910 and 1971—23,595.

Note C — Shareowners' Equity

The changes in additional paid-in capital and Common Stock in treasury for the two years ended June 30, 1971 are as follows:

	Additional paid-in capital	Common Stock in treasury	
		Shares	Amount
Balance at July 1, 1969	$2,701,882	7,058	$ 189,308
Cost of Common Stock purchased for treasury		4,000	120,333
Sale of Common Stock in treasury upon exercise of stock options	20,805	(5,005)	(118,835)
BALANCE AT JUNE 30, 1970	$2,722,687	6,053	$ 190,806
Cost of Common Stock purchased for treasury		3,000	89,850
Sale of Common Stock in treasury principally upon exercise of stock options	(23,209)	(3,270)	(111,268)
BALANCE AT JUNE 30, 1971	$2,699,478	5,783	$ 169,388

There has been no change in the Common Stock issued during the two years ended June 30, 1971.

On October 28, 1969, the shareowners approved an amendment to the Certificate of Incorporation which authorized an increase in the number of shares of Common Stock from 2,500,000 to 3,500,000.

Note D — Profit-Sharing Retirement Plan

The Corporation has a profit-sharing retirement plan covering substantially all full-time employees of the Corporation and its domestic subsidiaries. Contributions to the Plan are determined annually by the Board of Directors, and amounted to $95,000 and $100,000 for fiscal 1971 and 1970, respectively.

Note E — Minority Interest

In connection with employment agreements entered into with certain employees of Manpower-Europe during fiscal 1970, options granted to these employees to purchase a maximum of 49% of the outstanding capital stock of said subsidiary at the Corporation's cost were exercised during fiscal 1971. The Corporation has the right to repurchase said stock upon termination of employment or disposition of the stock by the employee at amounts stipulated in the agreements. The excess of the carrying amount of the aforesaid 49% stock interest over the proceeds received, ($61,608) is included in deferred charges and is being amortized over the five-year terms of the employment contracts. Due to their compensatory nature, the options were treated as though they had been exercised during fiscal 1970.

Note F — Restatement and Reclassification

During fiscal 1971, payroll taxes and social charges of approximately $300,000 were assessed by a foreign government, of which amount approximately $164,000 was applicable to the pre-acquistion period, $84,000 to fiscal 1970, and $52,000 to fiscal 1971. Financial statements for fiscal 1970 have been restated to reflect the assessment and accordingly net earnings were reduced from $3,549,712 ($1.90 per share) to $3,500,277 ($1.87 per share). The financial statements for fiscal 1970 have been reclassified to conform to 1971 classifications.

Note G — Contingent Liabilities and Commitments

Contingent liabilities arising from guarantee of loans amounted to $1,087,000 at June 30, 1971.

At June 30, 1971, the Corporation and subsidiaries were lessees of premises under leases which expire at various dates to 1976. For fiscal 1971, lease rentals totaled $1,495,000.

Accountants' Report

BOARD OF DIRECTORS AND SHAREOWNERS
MANPOWER, INC.
MILWAUKEE, WISCONSIN

We have examined the consolidated financial statements of Manpower, Inc. and subsidiaries for the years ended June 30, 1971 and 1970. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheets, statements of earnings and retained earnings and changes in financial position present fairly the consolidated financial position of Manpower, Inc. and subsidiaries at June 30, 1971 and 1970, and the consolidated results of their operations and other changes in shareowners' equity and financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Milwaukee, Wisconsin
August 13, 1971

Ernst & Ernst
ERNST & ERNST

Ten-Year Comparative Summary Manpower, Inc. and Subsidiaries

YEAR ENDED JUNE 30	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962
Sales of										
Owned Offices	$ 93,899,315	$101,246,877	$ 93,628,843	$ 74,729,095	$ 69,238,738	$ 57,243,022	$ 44,511,925	$ 34,932,158	$ 27,125,558	$ 23,855,210
Licensees	102,621,041	105,560,745	96,853,068	82,479,356	72,994,763	64,824,979	48,828,713	38,829,500	29,632,500	24,799,800
Combined Sales	$196,520,356	$206,807,622	$190,481,911	$157,208,451	$142,233,501	$122,068,001	$ 93,340,638	$ 73,761,658	$ 56,758,058	$ 48,655,010
Revenues										
Owned Offices	$ 93,899,315	$101,246,877	$ 93,628,843	$ 74,729,075	$ 69,238,738	$ 57,243,022	$ 44,511,925	$ 34,932,158	$ 27,125,558	$ 23,855,210
Franchise Fees	4,960,357	5,296,057	4,768,558	4,042,587	3,656,809	3,234,993	2,534,927	2,029,043	1,645,972	1,424,936
Other	427,914	459,576	584,602	751,141	721,550	763,887	300,245	167,908	147,801	117,768
Corporate Revenues	$ 99,287,586	$107,002,510	$ 98,982,003	$ 79,522,803	$ 73,617,097	$ 61,241,902	$ 47,347,097	$ 37,129,109	$ 28,919,331	$ 25,397,914
Earnings and Dividends										
Earnings Before Income Taxes	$ 4,819,651	$ 7,381,393	$ 7,252,316	$ 5,820,127	$ 4,902,295	$ 4,870,579	$ 3,676,613	$ 3,227,170	$ 2,324,346	$ 2,004,527
Income Taxes	2,428,578	3,881,116	3,859,316	3,025,870	2,342,637	2,406,460	1,694,727	1,594,804	1,201,527	1,016,441
Net Earnings	$ 2,391,073	$ 3,500,277	$ 3,393,000	$ 2,794,257	$ 2,559,658	$ 2,464,119	$ 1,981,886	$ 1,632,366	$ 1,122,819	$ 988,086
Net Earnings Per Share	1.28	1.87	1.82	1.50	1.44	1.39	1.12	.92	.63	.56
Pretax Earnings as % of Corporate Revenues	4.9%	6.9%	7.3%	7.3%	6.7%	8.0%	7.8%	8.7%	8.0%	7.9%
Net Earnings as % of Corporate Revenues	2.4%	3.3%	3.4%	3.5%	3.5%	4.0%	4.2%	4.4%	3.9%	3.9%
Net Earnings as % of Average Equity	12.5%	20.0%	22.2%	21.1%	24.3%	31.4%	31.3%	32.0%	27.1%	30.0%
Cash Dividends Paid	$ 1,346,662	$ 1,348,127	$ 1,177,196	$ 1,119,484	$ 1,075,151	$ 809,800	$ 545,731	$ 418,394	$ 345,630	$ 278,243
Cash Dividend Per Share	.72	.72	.63	.60	.60	.46	.31	.24	.19	.16
Dividends as % of Earnings	56.3%	38.5%	34.7%	40.1%	42.0%	32.9%	27.5%	25.6%	30.1%	28.2%
Financial Position										
Current Assets	$ 24,108,405	$ 23,658,599	$ 24,321,717	$ 19,048,359	$ 14,744,033	$ 12,888,852	$ 10,426,440	$ 8,371,037	$ 6,239,039	$ 5,299,928
Less: Current Liabilities	12,457,586	13,325,247	13,895,524	10,377,926	7,411,616	7,570,437	5,581,422	4,545,381	3,148,992	2,596,835
Net Working Capital	$ 11,650,819	$ 10,333,352	$ 10,426,193	$ 8,670,433	$ 7,332,417	$ 5,318,415	$ 4,845,018	$ 3,825,656	$ 3,090,047	$ 2,703,093
Current Ratio	1.94:1	1.78:1	1.75:1	1.84:1	1.99:1	2.42:1	1.87:1	1.84:1	1.98:1	2.04:1
Shareowners' Equity	$ 19,630,741	$ 18,588,121	$ 16,416,664	$ 14,139,954	$ 12,399,847	$ 8,622,042	$ 7,085,957	$ 5,573,375	$ 4,552,292	$ 3,738,061
Shareowners' Equity Per Share	10.49	9.92	8.79	7.58	6.96	4.86	3.99	3.14	2.56	2.11
Other Data										
Number of Shareowners	3,846	3,700	3,621	3,250	3,100	1,700	1,457	1,126	1,043	950
Number of Employees	446,391	449,594	375,055	326,250	316,207	271,058	233,850	190,619	159,979	145,489
Number of Customers	241,966	246,350	266,000	196,000	182,000	160,000	140,000	125,000	105,194	90,527

Corporate Officers

Elmer L. Winter
President, Chief Executive Officer

James D. Scheinfeld
Executive Vice President (Senior)
Chief Operations Officer

Fred Aberlin
Vice President Division II

Milton B. Berland
Vice President and Controller

William J. Coke
Vice President—Canadian Operations

William J. Gallagher
Vice President Franchises and
Franchise Relations

John Petersen
Vice President and General Manager
U.S. Temporary Help Services

Mike Bartels
Assistant Vice President Division II

Doug Dourgarian
Assistant Vice President Operations
U.S. Temporary Help Services

Bill Devries
Assistant Vice President Government Services Division
U.S. Temporary Help Services

Mike Freeman
Assistant Vice President
and General Counsel

Helen Gjerde
Assistant Vice President Field Training
U.S. Temporary Help Services

Daryl Motte
Assistant Vice President
Franchise Operations

Eileen Nock
Assistant Vice President Operations
U.S. Temporary Help Services

Clyde Ramsey
Assistant Vice President Branch Operations
U.S. Temporary Help Services

Verne Rasmussen
Assistant Vice President
and Assistant Controller

Gerry Ricketts
Assistant Vice President
All States Services

Lou Seiberlich
Assistant Vice President Training
U.S. Temporary Help Services

Jerry Tuerff
Assistant Vice President Operations
U.S. Temporary Help Services

Shel Welstein
Assistant Vice President and
General Manager MPS Services

Board of Directors

Elmer L. Winter
President, Chief Executive Officer
Manpower Inc., Milwaukee, Wis.

Milton H. Cohen
Partner
Schiff Hardin Waite Dorschel & Britton
Chicago, Illinois

Edmund Fitzgerald
Retired, Milwaukee, Wisconsin

Mitchell Fromstein
President, Fromstein Associates
Milwaukee, Wisconsin

Edwin A. Locke, Jr.
President, American Paper Institute
New York, New York

Stephen J. Pollak, Esq.
Shea & Gardner, Washington, D.C.

James D. Scheinfeld
Executive Vice President (Senior)
Chief Operations Officer
Manpower Inc., Milwaukee, Wisconsin

Sylvia Scheinfeld
Woodstock, Illinois

Harry J. Sheerin
Executive Vice President
Operations, Kimberly-Clark Corporation
Neenah, Wisconsin

Jack A. Winter
President, Jack Winter, Inc.
Milwaukee, Wisconsin

Nannette R. Winter
Milwaukee, Wisconsin

Principal Officers of Subsidiary Corporations and Divisions

Michael Grunelius
Managing Director*
Manpower—Europe

Lance Secretan
Managing Director
Manpower Ltd. (United Kingdom)

Marvin Bookstein
Vice President
Continental Tax Service

Carl Gilbert
Vice President
Continental Tax Service

Pedro Dhers
Director, South American Operations

A.F.J. Finnerty
Director, Far Eastern Operations

*On the European continent, Managing Director is a title describing a position similar to that of President in a U.S. company.

MANPOWER®

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